

NOTES ON GIVING

(Found in File Envelope - "Notes On Giving")  
The Envelope - Registered mail June 10, 1953 contained  
much else to some end. (1)

"This book is written from thirty years experience in the Rockefeller Foundation. But since the memories, the impressions and the conclusions that derive from experience depend in great measure on personal characteristics interests and purposes I could not claim much more than a personal character for the opinions set forth. And, having found that I can write more freely and clearly when I have some particular kind of reader in mind I have decided to,

I write for an imaginary but nonetheless rather clearly definable reader. Others may look on, as it were, over his shoulder and make such discounts as they choose as to what is said and the manner of its expression.

The imagined reader to whom these notes on giving is a man, say in his thirties, whose qualities and interests not only incline him to such work as foundations have done but provide serious reasons for a foundation, <sup>that is</sup> seeking a really superior staff member to engage him. Not that I can tell him what the life of a foundation officer is like, nor what he should do, nor what is wise, for perhaps the first and last thing that might be said about foundations is that they change and are best understood as in a constant flux of becoming rather than a state of being. Their raison d'être is exploration and adjustment. Sensible as it may be for <sup>their</sup> funds to be secure and predictable, their horizons values and interests stagnate and become inflexible and unadjustable, foundations lose their best claim as organs of a living society. So if these notes on giving are addressed to a somewhat ideal and therefore obviously an imaginary

render the reason is that I can, as the Brazilians say "give my self well" with such a person. And since thorough beds respond best to a light touch I can dispense in large measure from solemn threats, ominous warnings, from "shoulds" and "musts" and any of the <sup>whips on</sup> trappings of conscience. For I have invented <sup>as my mode</sup> a thorough bed, sensitive enough to interpret my opinions sensibly, without the need for exaggeration, belabored proof, shrill argument or that form of rhetoric so neatly defined in Aristotle's time as "the art of convincing conviction without resort to logic."

I trust you are sensitive enough to have noticed that the word 'money' does not occur in the title. Though money is probably one of the most easily measured and readily defined things that may be given by one man to another it is rarely passed without some idea going along with it. Frequently these ideas or understandings are far more worthy of attention than the money that accompanies them. When a foundation makes a grant what it <sup>significantly</sup> forgets about the money. Think more about the opportunity. It is an opportunity — not merely the money, if and so often a measurable gift of money involves <sup>unmeasurable</sup> responsibility that it is more important to gauge the recipient's ability to accept the responsibility than his ability to receive the money. <sup>They too,</sup> <sup>so commonly</sup> <sup>does</sup> money represent approval that grants are sought more as evidence of esteem than appreciable aid. This <sup>reputation</sup> may even be offered, somewhat naively, a scaling down of the amount first requested if he will only give something. Though apparently flattering such rebates imply that the donor cares less about his reputation than cash in the till... a doubtful compliment at best, the world over. Sometimes giving money means giving encouragement. The question poses itself: encouraging whom and what? Or giving

amount to money may be little more than postponing disaster, justifiably at times and at times not. With so many other things involved — <sup>trades money</sup> opportunity, approval, encouragement, and postponement of disaster — there notes are deliberately called Notes on living if only to sharpen your attention to other things than money.

Indeed I think that before the Carnegie and Rockefeller funds came on the scene of American philanthropy attention centered usually on the question of "how much"? By their very size the focus of attention changed to "how good?" and "why?" for there was no practical reason to doubt how much the large foundations could give. If this be a true <sup>the shift</sup> ~~surprise~~ was certainly a great change in American giving and probably a very salutary one.

In any event the context of giving nowadays is no longer that of a traditional society with fixed and habitually unchallenged "good causes". We live in an adaptive not a traditional society. An adaptive society — adapting itself to the effects of new ideas as well as discoveries and technological advances — such a society <sup>once changed</sup> ~~needs to be changed~~, <sup>itself creates the need for</sup> still more <sup>new</sup> adaptations. For this reason I see no logic nor psychology in being lavish with "should's" and "must's" in making comments on <sup>the art and mystery of</sup> giving. An old Frenchman said to a friend of mine "Remember my boy you can have anything you want in this world only don't forget to pay for it." Each and every form of giving is likely to have price tags — some obvious or predictable, others unrecognizable, elusive, delayed, and occasionally unimaginable. The price tags, <sup>only because of their unexpected variety,</sup> <sup>deserve</sup> unrelenting attention and ungrudging respect.

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The motives for giving → Because, in so many instances, success in giving depends upon both receiver and donor (particularly the latter) having a clear comprehension of the donor's motives or purposes in making the gift, I venture to review some, at least, of the

motives for giving. For painful experience may arise if the recipient mistakes the donor's motive or fails to realize that there can be mixtures as well as varieties of motives.

The best and most durable relationships develop when the giver and the receiver fully agree in their sense of values as to what needs to be done and the exceeding importance of that need. For a purpose thus shared and in complementary contribution to a common cause both donor and recipient can be and usually are grateful each to the other. To be sure that such unanimity of purpose actually exists is not always easy but so happy are the usual results that the effort to be sure warrants your placing this question in the forefront of your criteria for giving. The giver gives money, confidence, approval and responsibility; the receiver gives his time, his thought, his work and sometimes risks his reputation in accepting the gift. Large as these stakes may often be this kind of motive involves less likelihood of misunderstanding or abuse than any other.

The donor may want honor, distinction, esteem and gratitude in return for his gift. Natural, you may say — but like a number of natural phenomena, occasionally dangerous. Giving to attain personal distinction has the certain drawback of risking the creation of envy and a grudging gratitude. Hell hath no fury like a spurned philanthropist and yet I do not know which is the more regrettable a donor who is ignored or a recipient who takes a grant for granted. To raise money, as we all know, there must be plans, programs, policies and procedures. There are even companies of specialists who do such work for a fee. But there is no such highly geared machinery for thanking donors. Whoever organized a company to find and thank the most deserving donors? Sometimes the contrast between the effort spent in money raising campaigns and <sup>any</sup> any comparable effort to thank the beleaguered victims of such campaigns impresses me as more bluntly neglectful of human susceptibilities than suavely attentive to the urbanities of philanthropy. If the task of the donor is to think straight, the task of the recipient is to thank straightaway. In my experience a foundation may well be grateful for finding a competent agent who will use its money wisely. To demand honor, esteem and gratitude as a quid pro quo frightens the best recipients and may revolt the rest. Gratitude cannot be forced and still retain its essence which is spontaneity.

Giving may derive from a desire for good public relations, i.e. to anticipate or prevent hostility or criticism. Such giving has some subtle disadvantages. It follows fashionable causes too unreflectingly, and uncritically ignores the possibility that the recipient is quite incompetent to discharge the responsibility that accompanies the money. It sometimes seems to me that giving for the sake of public relations assures little more than that the public possesses a mounting sadistic desire which must be satisfied from time to time by seeing the donor riched rather than by the good the money may secure. Derision sneers of "Bought off, eh!" elicit a cold fury of the donor and the philanthropic fat is in the fire. Pathetic — and unnecessary. This type of giving may often be detected by the elaborateness of the measures taken in advance to apprise the public that the giver has given.

Occasionally repenance is the motive for giving. Here there can be no essential quarrel with the giver. The fault is more likely to rest with the beneficiary who <sup>lingers</sup> <sup>can't</sup> pine over the horror of a sin so prodigiously productive in repentence — and forget to get to work with the money that has been given them. The repentant give however seldom stipulates or even cares just what his gift should purchase; he has given till it hurts, and he would be slow to notice that it might hurt the recipient. ¶ Not quite so rare, perhaps as repentence is thankfulness as a motive for giving. Here again critical discrimination and solicitude for results to be obtained by means of the gift often fade in the glory of exuberant emotion. In such a situation nearly everything rests with the recipient who may or may not convert the joyful occasion into a good piece of work.

Gifts in memory of the dead usually come from family and friends and the attendant sorrow and respect nearly always protect the gift from abuse. They frequently take the form of buildings or funds to meet long established needs, <sup>when the latter are provided for in that of</sup> <sup>perpetuity</sup> <sup>and short-sightedness</sup> particularly greatest defects, like bequests, are likely to lie in the rigidity of their terms and specifications. Their

Giving to avoid taxation suggests that the giver may take a dim view of the efficiency of the government as an agent for the expenditure of his money. Those who dislike the present activity of the federal government in welfare and health work seem curiously reluctant to indulge, through the support of a host of private agencies, their convictions as to the importance of free enterprise. The maximum of 15% percent deductible in our income tax was used to the extent of 2.3%.

The creation of funds and foundations for the explicit purpose of evading income tax while retaining control over blocks of voting stock when considered as a motive for giving suggests the distinction between <sup>host</sup> smartness and wisdom. Such manœuvres incur the kind of public suspicion that can quickly become exasperated to the point of drastic legislation regarding all types of foundations. Indeed such a development seems to me the most serious inherent danger to life of foundations as a form of corporate giving.

Though the motives for giving doubtless abounds in greater numbers than I mention, the last to be described can create more trouble than any of the others. This is giving to obtain or maintain control over the recipient. Perhaps because the prototype of this kind of giving made its appearance in family life before the dawn of history and occurred in the childhood of everyone of us, nearly every form of giving may encounter suspicion. "Something for nothing? Where is the catch?" "Too good to be true", "What is the quid pro quo?"

"Tineo Danaos et dona ferentes" There are a hundred phrases to express this moderate suspicion. An experienced donor must quietly expect and patiently endure and outlast it. After the last lesson an amateur <sup>an amateur</sup> <sup>it</sup> learns — and some there are who never learn it — is the <sup>essential</sup> insidiousness of proprietary philanthropy. It threatens the sovereignty of the receiver, his independence, his freedom — no wonder then that he suspects, resents and fears — and rightly so. The sad fact is that the give so naively glories in his own magnanimity and purity of intention that

he blissfully ignores or deliberately underestimates the power of a sense of threatened freedom. I have seen more misunderstandings develop from proprietary philanthropy, more impasses, more acrimony than from any other kind of giving. Perhaps the task of divesting themselves of the proprietary attitude explains why men who have had success in making money exclaim with some measure of astonishment that giving money away successfully is harder than making it. And I have heard that cri de cœur more than once.

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### The motives for receiving money

At first sight it would seem absurd to stop to examine the motives of the recipient. But scarcely anything is of more importance for the donor to be sure of:

Where an institution or association of persons with a declared objective accepts a gift that will be used in the furtherance of that objective the motivation is clear enough. Attention then obviously centers on the nature of the objective, <sup>the past performance</sup> and the probable competence of the institution to achieve it. The same can be said of an individual. Notwithstanding the safest indication of the nature of the motives of an institution or an individual is the presence or absence of evidence of previous or current sacrifices to attain the named objective. Therein lies the inherent difficulty of gauging the motives of an enterprise or project that is completely new: it has no past and consequently no proofs of sacrifice. If foundations or imaginative individual donors could ignore all completely new undertakings giving would be easier but far removed from one of its most significant opportunities — exploration, experiment, <sup>innovation</sup> and the advancement of knowledge.

This last — the advancement of knowledge — as a motive for receiving help we found some years ago means different things to different people. To

since it means research; or, more generally speaking the satisfaction of human curiosities about one thing or another; in short the addition to human knowledge. To others the advancement of human knowledge includes the spread to larger numbers of people of what has long been known or recently discovered. And since gains in knowledge are more likely when the number of educated persons increases there two interpretations of the advancement of knowledge play into each other. Curiosity as a motive to justify accepting money deserves the most sober reflection because curiosity ranks with the passion for freedom as among the most powerful driving forces in human life.

Another motive for receiving gifts is humanitarian service. People who would not ask for money for themselves find no difficulty in asking for funds they plan to expend for others. Though in some ways a rather lovely trait of human nature this easy assumption of complete selflessness and a consequent unquestionable claim to be helped, <sup>drives</sup> more the less occasional re-examination. The ranks of such askers abound with sentimentalists. They suffer from what has been called "the Santa Claus complex". <sup>In truth they suffer without suffering—as alcoholics suffer.</sup> They are so impressed with the fact that they are not keeping the money that they do not realize that what they want <sup>to keep</sup> is the status of being a benefactor. Sometimes they organize themselves as foundations without any funds of their own. It is delicate if not impudent for foundation officers to draw attention to these philanthropic middle men. But until you have experienced and recovered from the Santa Claus complex and its cloying after taste and its remarkable ineffectiveness <sup>tyro</sup> you are hardly more than a tyro at giving. Some years ago when Yale alumni were conducting a fund raising drive George Vincent, a graduate of Yale and President of the Rockefeller Foundation, was asked to <sup>exhort</sup> his fellow alumni. With his witty perspicacity he formulated this clincher to

his talk "Give! Give till it hurts!... Give till it hurts Yale!" Whether he actually broadcast this stupifying advice I do not know but I know he wanted to challenge the sentimentalists. For the grave defect of the Santa Claus complex is that it distracts attention from what is going to be done with the money. When a donor gives to a philanthropic middle man for some purpose the responsibility that always goes with money often gets lost in the emotional excitement. The middle man too frequently unhesitatingly assumes that the cause has been approved and so he has nothing to worry about... especially if he has "given his services". Serious givers can well be on guard against the ineffable glow of satisfaction that comes from tending, benevolently, <sup>but temporarily</sup> to somebody else's business. As the Chinese saying goes "Sharing poverty easy: sharing wealth difficult."

One further motive for receiving must be mentioned in the interests of realism: Aid has on more than one occasion been asked for or received when the motive was to advance, not knowledge, but the status or personal career of the recipient. Even if the recipient is a friend of the asker, or a protege or a former pupil — it makes but little difference. There are occasions when the administration of an institution under rates <sup>or ignores</sup> the work being done by one of the professors. The cause of such an attitude may be one of many. But in any event giving to enhance status is nearly always <sup>a more</sup> <sup>nearly</sup> <sup>good cause</sup> <sup>the chief</sup> <sup>ambition</sup> <sup>as a</sup> motive for taking a donor's money and approval.

Sources of Giving

Though the motives for giving seem to refer in the main to individuals and foundations, the organizations charged with the responsibility of allocating government funds have some at least of the same motives. Aside from differences that different motivations produce the nature of giving varies according to whether the donor is an individual, a tax-exempt foundation or a government agency. Each has <sup>inherent</sup> peculiarities, advantages and limitations. Experience suggests — and only suggests — that these characteristics run approximately according to the following patterns.

An individual can give quickly, or slowly, for purposes defined and recorded or not, openly, or publicly, according to <sup>national</sup> plan or hardly better than as a whim, with or without advice and certainly with less exposure to censure than is the case with governments or foundations. He cannot sensibly be criticized for giving to relatives, to other individuals, or for highly sentimental reasons. He can all but dispense with any defined policy. But balancing these apparent advantages there are some less evident limitations. As a source of personal gifts he must be realistically regarded as somewhat less predictable in point of continuity, if only because he may die unexpectedly leaving no provision in his will that provides "what he had every intention of doing." Though he may be as free from any large number of requests (which is not likely) as an individual, he but rarely has the time to arrive at conclusions after intensive and comparative study. He usually "knows" what he wants. But he is likely to be richer in money than in time. He wants results — and in his life time. The temptation for him to interfere, influence and control, can be generally assumed to be considerable, though the number of trusting, self-controlled, anonymous givers is large enough to be heartening.

A foundation has advantages that derive from the deliberate pooling of the experience and information of more heads than one. Though its decisions may take time they can still show a considerable freedom in point of initiative, experiment, change and adaptation. With tax-exempt status foundations can give all of their income, which an individual cannot do. Foundations can be rich in time and patience. Wickliffe Rose used to repeat the wise remark "We are not in a hurry". And if a Foundation employs full

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officers it can study, compare, evaluate and keep in touch with its opportunities and programs with a continuity of focus only rarely exercised by individual givers. If a foundation publishes the record of its gifts — and I see some cogent reasons for so doing as a matter of policy for an institution claiming tax exemption — the trustees may be overly tempted to make grants that they think will get popular acclaim; But since the post of full time foundation officer attracts men whose sense of workmanship tends to counter- prompt approval. — balance any temptation to get quick results.

Government giving can be large whether in single grants or in a spread. There is considerable probability of continuity provided the service rendered thereby is widely acknowledged to be valuable. But government aid is open to regional and partisan pressures and to political expediency. Stability is likely to be legally certain for only a year at a time. Government giving tends to be long disputed, slow in maneuver, not often imaginative or exploratory, too centralized, <sup>authoritarian</sup> and expensive. Government servants tend to become routine and to make up in retaining their jobs what they have lost of the sense of personal accomplishment. Government giving has both the defects and the qualities of its tendency to be strongly utilitarian rather than restlessly curious as to new knowledge or new methods.

As a consequence of these characteristics I have often seen discoveries, <sup>of fact or method</sup> begin on grants supplied by individual <sup>donors</sup> or as part of a university's allotment to individuals' research work, later <sup>developed, proved and demonstrated</sup> with foundation funds and at long last put into general application with government support. As is the case in gold mining, wild cattling for oil, and many inventions and innovations of method the beginning is individual, the elaboration perfectionment and first trials call for associated endeavor and the final wide scale expensive utilization is paid for by <sup>purchase or by</sup> taxation if it becomes a <sup>of root</sup> attraction. Foundation operations often reach into both sides — the beginnings and the permanent maintenance through endowment. But there are no stipulated or observed limits on personal, foundation or government giving.

## The Duration of Funds & Foundations

The question of whether or not a source of funds whether personal, corporate (e.g. foundations), or government, <sup>should be maintained in perpetuity</sup>, has often been settled in fact by death, taxes or inflation. The question survives, however in theory and there are examples such as Julius Rosenwald of donors who insist that funds should be spent during the life time of the giver or within a decade or two after his death. Successive generations <sup>it is argued</sup> should take care of their own needs, and picturesque instances are adduced to prove the danger or the fatuousness of the dead hand. It seems to me that the argument for "delicate" and obligatory self liquidation of foundations rests on three false assumptions. First it is implied that the needs of the present generation are taken care of by extant givers. That is a dubious implication, to put it mildly. It is more realistic to hold that poor investment policy and loss of purchasing power over a generation or two "take care" of the effectiveness of trust funds more thoroughly than trust funds take care of the continuing needs of society. Second the real trouble comes from the narrowness and rigidity in the definition of what the funds must always be used for, or from unwise selection of officers or trustees. Third to imply that succeeding generations will be unable to use income as intelligently and effectively as ourselves raises the double question of whether we are that good and whether the next generation deserves our superior efforts in their behalf. I can see no objection to exhausting the resources of a foundation for a cause that justifies such suicide, just as when a grant is made it should mean that what the money is spent for is worth more than saving the money for any other probable use. But deciding to spend capital for the sake of liquidation has other aspects than endorsing the three false assumptions already noted: it introduces the givers to a new criterion

for giving and the recipients to a new criterion for asking — both inconsistent with their past experience and purpose. To suppose that such a policy will not invite carelessness, cynicism and waste (or worse) is simply fatuous. I have always liked the policy that assumes that if a project deserves the expenditure of capital let's spend capital and if it doesn't let's not. But I see neither faith, hope nor a satisfactory form of charity in liquidation for the sake of liquidation.

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### Scale of Operations

The kinds of things a donor can accomplish depends on how much money, study and time he can give to the selection of projects, to negotiating them, waiting for them to become fit for the grant, and to remaining in touch with them after the grant has been made. The amateur gives usually underrates all of these points. He hardly understands why giving money away effectively needs to cost anything. This is not the view in the best foundations small or large. Administration costs may vary between 5% and 16% of the total expenditure. For this reason any donor of less than about \$200,000 a year will either refuse or begrudge spending as much as 10% a year on administration. He forgets that other funds can and will find better opportunities than he can find because they have learned the wisdom of Henry Pritchett's conviction after thirty three years experience in the Carnegie Corporation that "somebody must sweat blood with gift money if its effect is not to do more harm than good."

The smaller the sum available for annual giving the more likely it is that the objective is narrowly defined and the opportunities inadequately canvassed. This tendency is not inevitable. There are some admirable exceptions. But until there is income enough to employ a full time officer who can search for the best opportunities and critically appraise both grants and their results a donor <sup>in field</sup> would do best to turn its funds over to a university or a national operating agency. When the annual income is enough to support a competent officer the program and policy can become more effective. Indeed much could be accomplished by a donor who gave no more than an adequate salary and generous travel opportunities to an office who would devote his full time and his life time to a field of work in which he could serve on invitation as clearing house, <sup>consultant</sup> and adviser, without any grants to recommend or supervise. Had there been such a consultant in, for example the field of hospital construction over the past twenty years his cumulative experience might well have made him in almost unbelievable demand provided his manners were good, his judgement sound and his salary enough to assure independence and detachment along with a growing interest in making himself useful.

It seems to me that the forte of large foundations is to make good gifts that are large, and the best opportunity for the numerous smaller foundations is to make good gifts that are small. But the small foundations that think they are economizing by not paying the inescapable cost of securing wide knowledge and skilled discernment constantly lose their best chances to the large foundations with paid staff who in their turn are tempted to multiply the number of small grants and thereby miss their peculiar function — finding the best of the most costly undertakings.

The attractiveness of the small "exploratory" grant is a subtle matter. It is small and apparently unprotected. It is almost unknown and probably ignored so failure will pass unnoticed but success would become an epic of foresight courage etc on the part of the patron. And small grants are no cheap that like fractions of lottery tickets you can buy a part interest in a lot of different numbers. And you can cite so many important developments that came from small beginnings. So prospectors from sets in, you scatter your resources over so many adventures that you don't have time to study any of them thoroughly, you evade responsibility by hedging, you throw away the unique opportunity of doing something solid big and lasting and get yourself into the trick of thin things." "Chance favors the prepared mind" said Louis Pasteur. By much the same token chance favors the well selected grant in aid. Don't be surprised if in a later section of these notes arguments appear in behalf of taking chances.